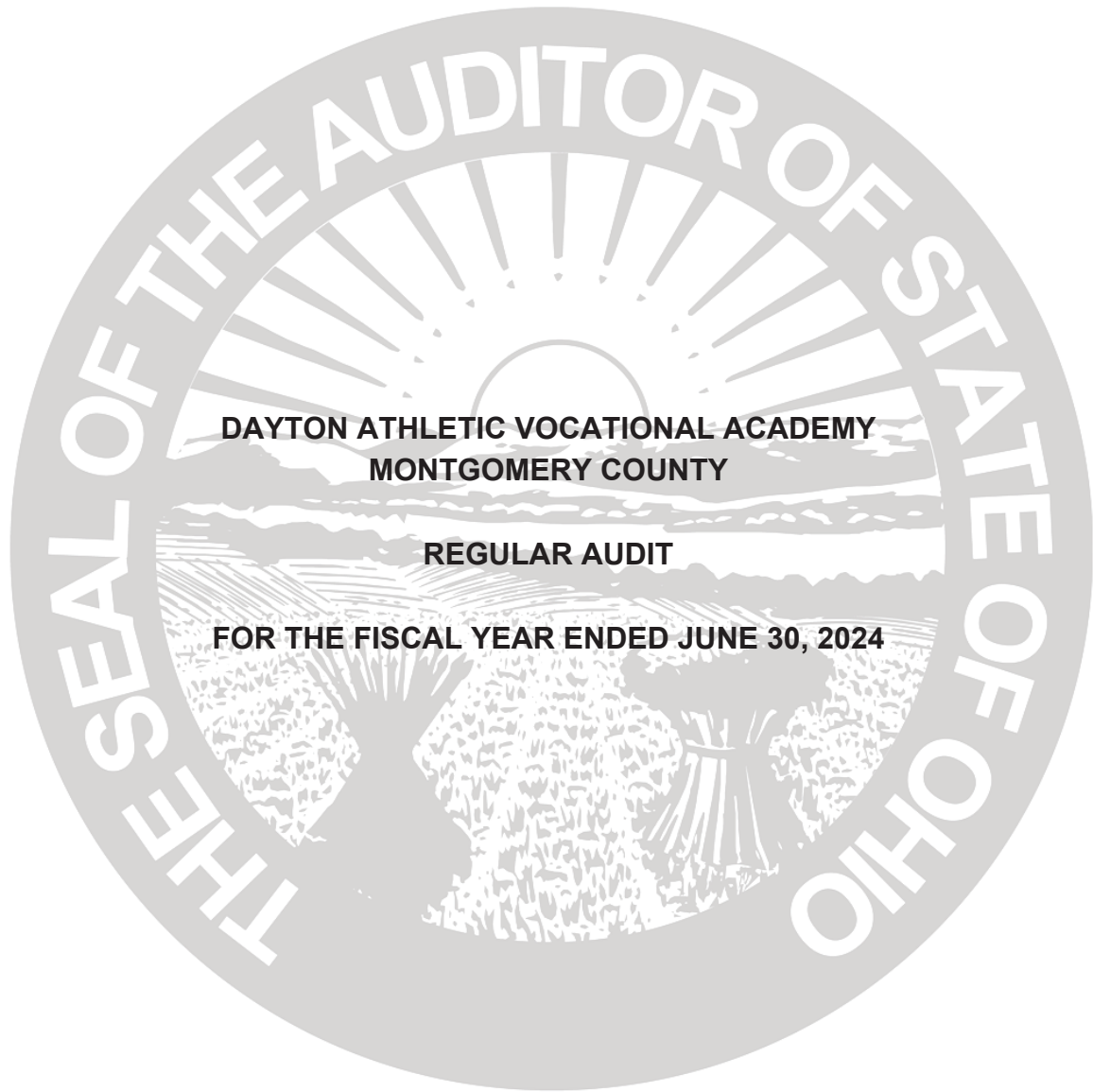




**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY
JUNE 30, 2024**

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OHIO AUDITOR OF STATE KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Dayton Athletic Vocational Academy
Montgomery County
100 East Woodbury Drive
Dayton, Ohio 45415

To the Board of Directors:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of the Dayton Athletic Vocational Academy, Montgomery County, Ohio (the School), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Dayton Athletic Vocational Academy, Montgomery County, Ohio as of June 30, 2024, and the changes in financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Matter Giving Rise to Qualified Opinion

The School's financial statements report Operating Expenses and Accounts Payable in the amounts of \$1,793,368 and \$348,026, respectively, for the fiscal year ended June 30, 2024. We were unable to obtain sufficient appropriate audit evidence concerning these amounts because School personnel did not provide us with information we requested, such as invoices, to perform sufficient audit procedures over these amounts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the School experienced fiscal distress and reported a deficit net position of (\$712,335). Note 16 also describes management's plans to eliminate the deficit. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2026, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

February 13, 2026

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**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2024
(Unaudited)

The management's discussion and analysis of Dayton Athletic Vocational Academy's (the School) financial performance provides an overall view of the School's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the Notes to the Basic Financial Statements and the basic financial statements to enhance their understanding of the School's financial performance.

Key Financial Highlights of the School

Key 2024 financial highlights for the School are as follows:

- The School saw the net position decrease by \$326,504 during fiscal year 2024. The biggest reason for the change was the increase in reported liabilities for the net pension/OPEB liabilities along with the higher accounts payable.
- The School is required to report a net pension liability and OPEB liability of \$874,383 as these are components that significantly reduce the School's unrestricted net position. By removing the items related to GASB 68 and GASB 75, the School would report an unrestricted net position of (\$217,124.)
- The School saw the FTE counts increase from 89 in fiscal year 2023 to 91 at the end of fiscal year 2024. This increase did allow revenues to increase but the expenses were higher and reduced the cash balance by \$29,287 for the fiscal year.

Using this Annual Financial Report and Overview of Financial Statements

This annual report consists of three components: the basic financial statements, Notes to the Basic Financial Statements and Required Supplementary Information. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

The Statement of Net Position presents information on all the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the School's net position changed during the most recent fiscal year. The Statement of Cash Flows presents the sources and uses of the School's cash and how it changed during the most recent fiscal year.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2024
(Unaudited)

Financial Analysis

Table 1 provides a summary of the School's net position at fiscal year-end for fiscal years 2024 and 2023 (GAAP basis).

**Table 1
Statement of Net Position**

	2024	2023	Change
Assets:			
Current Assets	\$ 38,147	\$ 101,682	\$ (63,535)
Noncurrent Assets	519,930	650,502	(130,572)
Total Assets	<u>558,077</u>	<u>752,184</u>	<u>(194,107)</u>
Deferred Outflows of Resources	<u>712,709</u>	<u>417,480</u>	<u>295,229</u>
Liabilities			
Current Liabilities	474,999	251,183	223,816
Long-term Liabilities			
Net Pension Liability	760,277	408,420	351,857
OPEB Liability	114,106	66,874	47,232
Other Long-term Liabilities	267,843	394,816	(126,973)
Total Liabilities	<u>1,617,225</u>	<u>1,121,293</u>	<u>495,932</u>
Deferred Inflows of Resources	<u>365,896</u>	<u>434,202</u>	<u>(68,306)</u>
Net Position:			
Net Investment in capital assets	92,755	118,323	(25,568)
Restricted	32,359	18,673	13,686
Unrestricted	(837,449)	(522,827)	(314,622)
Total Net Position	<u>\$ (712,335)</u>	<u>\$ (385,831)</u>	<u>\$ (326,504)</u>

The net pension liability (NPL) is one of the largest liabilities reported by the School at June 30, 2024 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The School also reports GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB asset/liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2024
(Unaudited)

Governmental Accounting Standards Board standards are national and apply to all governments' financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB asset/liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB asset/liability to equal the School's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service, and
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2024
(Unaudited)

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASB 68 and GASB 75, the School's statements prepared on the accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB asset/liability, respectively, not accounted for as deferred inflows/outflows.

Including the pension/OPEB items, the School saw total assets decrease by \$194,107 as the School saw the cash balance decrease with the higher expenses. The School did not report any capital asset additions for the current year, so the depreciation/amortization reduced the total noncurrent assets. The School does report a net OPEB asset for one of the retirement systems mainly because of the change in assumptions on the discount rate used.

The current liabilities increased by \$223,816 as the accounts payable were higher and current portion of the facility lease was higher compared to the prior year. The School recognized a larger net pension liability for the current year as the allocation percentage changed that was assigned to the School by the retirement systems. That also helps explain why the deferred outflow of resources increased since those changes are amortized over the remaining service life for each retirement system.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2024
(Unaudited)

Financial Analysis

Table 2 shows the change in net position for the fiscal years ended June 30, 2024 and June 30, 2023.

**Table 2
Changes in Net Position**

	2024	2023	Change
Operating Revenues:			
State Foundation	\$ 1,086,743	\$ 996,069	\$ 90,674
Other	60,876	4,840	56,036
Total Operating Revenues	<u>1,147,619</u>	<u>1,000,909</u>	<u>146,710</u>
Operating Expenses:			
Salaries	3,000	4,625	(1,625)
Fringe Benefits	125,104	75,089	50,015
Purchased Services	1,495,640	1,025,502	470,138
Materials and Supplies	25,366	18,490	6,876
Other	-	3,031	(3,031)
Depreciation/Amortization	144,258	144,258	-
Total Operating Expenses	<u>1,793,368</u>	<u>1,270,995</u>	<u>522,373</u>
Operating Loss	<u>(645,749)</u>	<u>(270,086)</u>	<u>(375,663)</u>
Nonoperating Revenues (Expenses)			
Federal and State Grants	330,780	377,901	(47,121)
Interest and Fiscal Charges	(11,535)	(14,406)	2,871
Total Nonoperating Revenues (Expenses)	<u>319,245</u>	<u>363,495</u>	<u>(44,250)</u>
Change in Net Position	(326,504)	93,409	(419,913)
Net Position, Beginning of Year	(385,831)	(479,240)	93,409
Net Position, End of the Year	<u>\$ (712,335)</u>	<u>\$ (385,831)</u>	<u>\$ (326,504)</u>

The School saw the student population increased from 89 to 91 FTE resulting in the foundation revenue increasing over \$90,000 during fiscal year 2024. An increase in expenses between the two years is related to purchased services that increased the change in services provided by the management company. The School operates with employees that are contracted through the management company, which in turns pushes those figures higher. The School also reported higher net pension/OPEB expenses for fiscal year 2024 that increased the pension expenses being reported under fringe benefits.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Management's Discussion and Analysis
For the Year Ended June 30, 2024
(Unaudited)

Budget Highlights

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided by the School's contract with its Sponsor. The contract between the School and its Sponsor prescribes an annual budget requirement as part of preparing a five year forecast, which is updated on a bi-annual basis.

Capital Assets

At the end of 2024, the School had a \$487,571 capital asset balance. See Note 6 for more information on the School's capital assets.

Debt

At June 30, 2024, the School had \$394,816 of outstanding long term debt with the building lease obligation. See Note 11 for more information on the School's debt.

Current Financial Issues

The School saw the enrollment decrease slightly for fiscal year 2025 with the November 2024 FTE counts at 89 students compared to 91 at the end of fiscal year 2024. This shows a \$25,300 reduction in the foundation revenue between the two fiscal years.

Contacting the School

This financial report is designed to provide a general overview of the finances of the School and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of the School, 100 East Woodbury Drive, Dayton, Ohio 45415.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO
STATEMENT OF NET POSITION**

AS OF JUNE 30, 2024

Assets:

Current assets:

Cash and cash equivalents	\$ 20,919
Intergovernmental receivable	17,228
Total current assets	<u>38,147</u>

Noncurrent assets:

Net OPEB asset	32,359
Capital assets:	
Capital assets, net	487,571
Total noncurrent assets	<u>519,930</u>

Total Assets	<u><u>558,077</u></u>
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Deferred Outflows of Resources:

Pension	520,372
OPEB	192,337

Total Deferred Outflows of Resources	<u>712,709</u>
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Liabilities:

Current liabilities

Accounts payable	348,026
Current portion of long term debt	126,973
Total current liabilities	<u>474,999</u>

Long term liabilities

Net Pension liability	760,277
OPEB liability	114,106
Other portion of long term debt	267,843
Total long term liabilities	<u>1,142,226</u>

Total Liabilities	<u>1,617,225</u>
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Deferred Inflows of Resources:

Pension	234,931
OPEB	130,965

Total Deferred Inflows of Resources	<u>365,896</u>
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Net Position:

Net investment in capital assets	92,755
Restricted for OPEB Assets	32,359
Unrestricted	<u>(837,449)</u>

Total Net Position	<u><u>\$ (712,335)</u></u>
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See accompanying Notes to the Basic Financial Statements

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Operating revenues:	
Foundation payments	\$ 1,086,743
Other operating revenues	60,876
Total operating revenues	1,147,619
Operating expenses:	
Salaries	3,000
Fringe benefits	125,104
Purchased services	1,495,640
Materials and supplies	25,366
Depreciation/Amortization	144,258
Total operating expenses	1,793,368
Operating Loss	(645,749)
 Non-Operating revenues (expenses):	
Federal and State grants	330,780
Interest and Fiscal Charges	(11,535)
Net non-operating revenues (expenses)	319,245
Change in net position	(326,504)
Net position at beginning of year	(385,831)
Net position at end of year	<u><u>\$ (712,335)</u></u>

See accompanying Notes to the Basic Financial Statements

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO
STATEMENT OF CASH FLOWS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Increase (decrease) in cash and cash equivalents

Cash flows from operating activities:

Cash received from State of Ohio - Foundation	\$ 1,089,516
Cash received from other operating revenues	60,876
Cash payments for personal services	(100,376)
Cash payments for contract services	(1,286,225)
Cash payments for supplies and materials	(25,108)
Net cash used for operating activities	<u>(261,317)</u>

Cash flows from noncapital financing activities:

Cash received from state and federal grants	<u>362,255</u>
Net cash provided by noncapital financing activities	<u>362,255</u>

Cash flows from capital and related financing activities:

Principal paid on debt obligations	(118,690)
Interest paid on debt obligations	(11,535)
Net cash used by capital and related financing activities	<u>(130,225)</u>

Net change in cash and cash equivalents	(29,287)
Cash and Cash Equivalents at beginning of year	<u>50,206</u>
Cash and Cash Equivalents at end of year	<u><u>20,919</u></u>

Reconciliation of operating loss to net cash used for operating activities:

Operating Loss	(645,749)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation/amortization	144,258
Change in assets and liabilities:	
Decrease in intergovernmental receivable	2,773
Increase in OPEB asset	(13,686)
Increase in deferred outflows	(295,229)
Increase in accounts payable	215,533
Decrease in deferred inflows	(68,306)
Increase in net pension liability	351,857
Increase in OPEB liability	47,232
Total Adjustments	<u>384,432</u>

Net cash used for operating activities	<u><u>\$ (261,317)</u></u>
--	----------------------------

See accompanying Notes to the Basic Financial Statements

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**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2024**

NOTE 1 – DESCRIPTION OF THE REPORTING ENTITY

The Dayton Athletic Vocational Academy, formerly the Urban Early College Network, (the “School”) is a nonprofit corporation established pursuant to Ohio Revised Code Chapter 1702 and is exempted from federal income taxation under section 501(c)(3) of the Internal Revenue Code. The School’s objective is to address the needs of students through a core subject focus with an innovative online curriculum with small-group direct instruction, personal counseling and workforce readiness designed to keep students engaged and provide a self-paced learning environment for high school students in grades 9-12. The School, which is part of the State’s education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School contracts with Cincinnati Charter School Collaborative (CCSC) for most of its functions (see Note 12).

The School began operations at the beginning of the 2017 school year. The School signed a contract with The Educational Resource Consultants of Ohio, Inc. (ERCO) (Sponsor) to operate for a period from July 1, 2017 through June 30, 2019, subsequently amended to renew automatically through June 30, 2023. The sponsor agreement was renewed through June 30, 2024. The sponsor agreement was extended through June 30, 2027. The School operates under the direction of a Board of Directors which must contain at least five Directors who are not owners or employees, or relatives of owners or employees, of any for-profit company that operates or manages the School. The Board of Directors is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualification of teachers. The Board of Directors controls the School’s instructional/support facility staffed by employees of the management company who provide services to 91 students.

The School is not considered a component unit for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *“The Financial Reporting Entity”* as amended by GASB Statement No. 39, *“Determining Whether Certain Organizations Are Component Units”* and GASB Statement No. 61, *“The Financial Reporting Entity: Omnibus”*.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to a governmental nonprofit organization. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the School’s accounting policies.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

The School's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. The School uses enterprise accounting to track and report on its financial activities. Enterprise fund reporting focuses on the determination of the change in net position, net position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, all liabilities and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (e.g. revenues) and decreases (e.g. expenses) in net total position. The Statement of Cash Flows reflects how the School finances and meets its cash flow needs. The accrual basis of accounting is utilized for report purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its Sponsor. The contract between the School and its Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast, which is to be updated on an annual basis. The contract between the School and its Sponsor does not require the School to follow the provisions of ORC Chapter 5705; therefore no budgetary information is presented in the basic financial statements.

D. Cash and Investments

All monies received by the School are accounted for by the School's treasurer. All cash received is maintained in accounts in the School's name. Monies for the School are maintained in bank accounts or temporarily used to purchase short-term investments.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets and Depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School maintains a capitalization threshold of \$4,000. The School does not possess any infrastructure. All assets except for land and construction in progress are depreciated.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The School reports the value, net of depreciation/amortization for the leased building under GASB 87, *Leases*. The School is reporting intangible right-to-use asset related to a leased building. The intangible asset is being amortized in a systemic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

F. Intergovernmental Revenues

The School currently participates in the State Foundation Program and State Special Education Program. Revenues from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements are met.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements are met.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

Amounts awarded under the items above for the year ended June 30, 2024 totaled \$1,417,523.

G. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisitions, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the Statement of Net Position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School, deferred inflows of resources include pension and OPEB. Deferred inflows of resources related to pension and OPEB are reported on the Statement of Net Position. (See Notes 9 and 10.)

I. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the certain reported amounts disclosure. Accordingly, actual results may differ from those estimates.

K. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the School, these revenues are primarily the State Foundation program and specific charges to the students or users of the School. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the School. Revenues and expenses not meeting this definition are reported as non-operating.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 3 – CASH AND CASH EQUIVALENTS

At fiscal year end June 30, 2024, the carrying amount of the School's deposits was \$20,919, and the bank balance was \$16,009. The entire bank balance was covered by Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School. The School has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School to a successful claim by the FDIC.

NOTE 4 – PURCHASED SERVICES

For the fiscal year ended June 30, 2024, purchased services expenses were as follows:

Professional and Technical	\$	831,640
Management Company Fees		236,004
Property Services		51,221
Fiscal fees		54,001
Data processing		93,316
Sponsorship Fees		32,499
Utilities		66,842
Food Service		48,001
Insurance		1,550
Legal		67,698
Other		12,868
Total	\$	<u>1,495,640</u>

NOTE 5 – RECEIVABLES

The School reported the following receivables at June 30, 2024:

Foundation Adjustment	\$489
Federal Food Subsidy	2,656
Title VI-B Grant	<u>14,083</u>
Total	<u>\$17,228</u>

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024:

	Balance 6/30/23	Additions	Deductions	Balance 6/30/24
Capital Assets Being Depreciated/Amortized				
Leased Building	\$634,716	\$0	\$0	\$634,716
Leasehold Improvements	130,750	0	0	130,750
Furniture and Equipment	21,200	0	0	21,200
Total Capital Assets Being Depreciated/Amortized	786,666	0	0	786,666
Less Accumulated Depreciation/Amortized				
Leased Building	(137,522)	(126,943)	0	(264,465)
Leasehold Improvements	(13,075)	(13,075)	0	(26,150)
Furniture and Equipment	(4,240)	(4,240)	0	(8,480)
Total Accumulated Depreciation/Amortized	(154,837)	(144,258)	0	(299,095)
Capital Assets, Net	\$631,829	(\$144,258)	\$0	\$487,571

NOTE 7 – SPONSORSHIP AGREEMENT

The School has entered into a sponsorship agreement with ERCO (the Sponsor), whereby, the Sponsor shall receive compensation for services provided to the School. The Sponsor shall provide the School Treasurer with fiscal oversight and administrative support related to the following:

- A. Support to ensure that the financial records of the School are maintained in the same manner as are financial records of School, pursuant to rules of the Auditor of State.
- B. Compliance with the policies and procedures regarding internal financial control of the School.
- C. Compliance with the requirements and procedures for financial audits by the Auditor of State.

During the fiscal year, the School paid the Sponsor \$32,499 in sponsorship fees.

NOTE 8 – RISK MANAGEMENT

Property and Liability - The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of its management agreement with CCSC, CCSC is required to contract with an insurance company for property and general liability insurance pursuant to the Management Agreement (see Note 12).

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the Statement of Net Position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the School's obligation for this liability to annually required payments. The School cannot control benefit terms or the manner in which pensions are financed; however, the School does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *accounts payable* on the accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – The School's non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 55 with 25 years of service credit Age 60 with 5 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School's contractually required contribution to SERS was \$97,376 for fiscal year 2024.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The School's contractually required contribution to STRS was \$0 for fiscal year 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportionate share of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the Net Pension Liability - prior measurement date	0.0045872%	0.00072114%	
Proportionate share of the Net Pension Liability - current measurement date	<u>0.0072751%</u>	<u>0.00166377%</u>	
Change in proportionate share	<u>0.0026879%</u>	<u>0.00094263%</u>	
Proportionate Share of the Net Pension Liability	\$401,985	\$358,292	\$760,277
Pension Expense	\$154,904	(\$24,237)	\$130,667

At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$17,278	\$13,062	\$30,340
Changes in proportionate share	215,182	145,120	360,302
Changes in assumptions	2,847	29,507	32,354
School contributions subsequent to the measurement date	<u>97,376</u>	<u>0</u>	<u>97,376</u>
Total Deferred Outflows of Resources	<u>\$332,683</u>	<u>\$187,689</u>	<u>\$520,372</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$795	\$795
Changes in proportion share and difference	0	205,200	205,200
Net difference between projected and actual earnings on pension plan investments	5,650	1,075	6,725
Changes in assumptions	<u>0</u>	<u>22,211</u>	<u>22,211</u>
Total Deferred Inflows of Resources	<u>\$5,650</u>	<u>\$229,281</u>	<u>\$234,931</u>

\$97,376 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2025	\$132,973	(\$67,404)	\$65,569
2026	35,143	(78,753)	(43,610)
2027	61,242	70,606	131,848
2028	<u>299</u>	<u>33,959</u>	<u>34,258</u>
Total	<u>\$229,657</u>	<u>(\$41,592)</u>	<u>\$188,065</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023, are presented below:

Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Inflation	2.40 percent
COLA or Ad Hoc COLA	2.00%, on and after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

**DAYTON ATHLETIC VOCATIONAL ACADEMY
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Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

Discount Rate The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2023 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net pension liability	\$593,312	\$401,985	\$240,832

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	Varies by service from 2.5% to 8.5%
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll increases	3.00 percent
Cost-of-Living Adjustments	0% effective July 1, 2017

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis. Actuarial assumptions used in the July 1, 2021 valuation are based on the results of an actuarial experience study, for the period of July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return**
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

*Target allocation percentage is effective as of June 30, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

** 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net pension liability	\$550,974	\$358,292	\$195,336

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLAN

Net OPEB Asset/Liability

The net OPEB asset/liability reported on the Statement of Net Position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB asset/liability represents the School's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB asset/liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the School's obligation for this liability to annually required payments. The School cannot control benefit terms or the manner in which OPEB are financed; however, the School does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB asset/liability. Resulting adjustments to the net OPEB asset/liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB asset/liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *accounts payable* on the accrual basis of accounting.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School's surcharge obligation was \$914.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS Ohio did not allocate any employer contributions to post-employment health care.

OPEB Asset/Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

The net OPEB asset/liability was measured as of June 30, 2023, and the total OPEB asset/liability used to calculate the net OPEB asset/liability was determined by an actuarial valuation as of that date. The School's proportionate share of the net OPEB asset/liability was based on the School's share of contributions to the OPEB plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability - prior measurement date	0.0047631%	0.00072114%	
Proportionate Share of the Net OPEB Liability - current measurement date	0.0069262%	0.00166377%	
Change in proportionate share	<u>0.0021631%</u>	<u>0.00094263%</u>	
Proportionate Share of the Net OPEB Liability/(Asset)	\$114,106	(\$32,359)	\$81,747
OPEB Expense	\$1,337	\$8,257	\$9,594

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$238	\$51	\$289
Changes of assumptions	38,582	4,767	43,349
Net difference between projected and actual earnings on pension plan investments	884	59	943
Changes in proportionate share	132,277	14,565	146,842
School contributions subsequent to the measurement date	914	0	914
Total Deferred Outflows of Resources	<u>\$172,895</u>	<u>\$19,442</u>	<u>\$192,337</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$58,844	\$5,001	\$63,845
Changes in assumptions	32,407	21,349	53,756
Changes in proportionate share	8,805	4,559	13,364
Total Deferred Inflows of Resources	<u>\$100,056</u>	<u>\$30,909</u>	<u>\$130,965</u>

\$914 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset/liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	(\$351)	\$447	\$96
2026	3,688	(2,785)	903
2027	11,543	(1,289)	10,254
2028	12,293	(2,680)	9,613
2029	11,849	(2,496)	9,353
Thereafter	32,903	(2,664)	30,239
Total	<u>\$71,925</u>	<u>(\$11,467)</u>	<u>\$60,458</u>

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level percent of payroll)
Fiduciary Net Position is projected to be depleted by:	2048
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives are based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023 was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
School's proportionate share of the net OPEB liability	\$145,859	\$114,106	\$89,066

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School's proportionate share of the net OPEB liability	\$83,829	\$114,106	\$154,225

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

Healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

STRS’s investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS Ohio’s investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was used to measure the total OPEB asset as of June 30, 2023.

Sensitivity of the School’s Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net OPEB asset	(\$27,386)	(\$32,359)	(\$36,687)

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 10 – DEFINED BENEFIT OPEB PLAN (continued)

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School's proportionate share of the net OPEB asset	(\$36,888)	(\$32,359)	(\$26,901)

NOTE 11 – OTHER LONG-TERM OBLIGATIONS

The School has no long-term obligations that meet the GASB definition of a direct borrowing. The following are the long-term obligations outstanding for the School as of June 30, 2024:

Description	Balance 06/30/23	Additions	Deductions	Balance 06/30/24	Due Within One Year
Building Lease	\$513,506	\$0	(\$118,690)	\$394,816	\$126,973
Net Pension Liability					
SERS	248,111	153,874	0	401,985	0
STRS	160,309	197,983	0	358,292	0
Net OPEB Liability					
SERS	66,874	47,232	0	114,106	0
Total	<u>\$988,800</u>	<u>\$399,089</u>	<u>(\$118,690)</u>	<u>\$1,269,199</u>	<u>\$126,973</u>

The School has a lease agreement with the facility that runs through June 20, 2027. The liability is reported under GASB 87, *Leases*, that requires the recognition of the liability on the financial statements.

Fiscal Year	<u>Building Leases Payable</u>		
Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$126,973	\$8,461	\$135,434
2026	135,676	5,174	140,850
2027	132,167	1,665	133,832
Total	<u>\$394,816</u>	<u>\$15,300</u>	<u>\$410,116</u>

The School reports a portion of the unfunded net pension liability with the two retirement systems as described in Note 9.

The School reports a portion of the unfunded net OPEB liability with the one retirement system as described in Note 10. The School reports a portion of the net OPEB asset for the other retirement system.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2024**

NOTE 12 - AGREEMENT WITH CINCINNATI CHARTER SCHOOL COLLABORATIVE

Effective July 1, 2021, the School entered into a management agreement (Agreement) with the Cincinnati Charter School Collaborative (CCSC), which is an educational consulting and management company. The term of the Agreement with CCSC is for two years and will renew for one additional, successive two (2) year terms unless one party notifies the other party no later than six months prior to the term expiration date of its intention to not renew the Agreement. Substantially all functions of the School have been contracted to CCSC. CCSC is responsible and accountable to the School's Board of Directors for the administration and operation of the School. The School is required to pay CCSC a monthly continuing fee of 17 percent of the School's "qualified gross revenues," defined in the Agreement as, all revenues and income received by the School except for charitable contributions. The continuing fee is paid to CCSC based on the qualified gross revenues.

The School had purchased services for the fiscal year ended June 30, 2024, to CCSC, of \$778,059. CCSC will be responsible for procuring the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, building payments, maintenance, capital, and insurance which are then invoiced to the school or reimbursed to CCSC.

NOTE 13 – CONTINGENCIES

A. Grants

The School received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability.

B. School Funding

School funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education and Workforce is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODEW has performed all FTE Review subsequent to the fiscal year end that resulted in an additional adjustment to the enrollment information. ODEW performed such a review on the School for fiscal year 2024. ODEW adjustments for fiscal year 2024 have been finalized and the School has reported a receivable of \$489.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2024, the School implemented Governmental Accounting Standards Board Statement No. 100, *Accounting Changes and Error Corrections*. The statement addresses how certain items need to be accounted for with respect to financial reporting:

Change in Accounting Principle

- The nature of the change in accounting principle, including (1) identification of the financial statement line items (excluding totals and subtotals) affected by the application of the new accounting principle and (2) for the implementation of a new pronouncement, identification of the pronouncement that was implemented.
- Except for the implementation of a new pronouncement, the reason for the change in accounting principle, including an explanation of why the newly adopted accounting principle is preferable.

Correction of an Error

The School should disclose the following in notes to financial statements for each error correction:

- The nature of the error and its correction, including the periods affected by the error and identification of the financial statement line items (excluding totals and subtotals) affected by the error in prior periods.
- For financial statements that present a single period, the effect on the prior period's change in net position, fund balance, or fund net position, as applicable, had the error not occurred.

The implementation of the statement had no impact on beginning net position for the School.

NOTE 15 - JOINTLY GOVERNED ORGANIZATION

Hamilton Clermont Cooperative Information Technology Center

The School is a participant in a two-county consortium of school districts to operate the Hamilton Clermont Cooperative Information Technology Center (HCC). HCC is an association of public districts in a geographic area determined by the Ohio Department of Education and Workforce. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of HCC consists of one representative from each of the participating members. The School paid \$12,332 for services provided during the fiscal year. Complete financial statements for HCC can be obtained from David Downs, Executive Director, at their administrative offices at 1007 Cottonwood Drive, Loveland, Ohio 45140.

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE 16 – MANAGEMENT PLAN

Several factors have caused the School to experience fiscal distress. The School's cash balance at June 30, 2024 was \$20,919. Additionally, the School has significant liabilities at June 30, 2024 which has resulted in a deficit net position of (\$712,335). Overcoming this deficit may be difficult without significant increases in student enrollment and related revenues in order to pay off outstanding liabilities and cover ongoing operating costs. Management intends to eliminate these deficits by increasing enrollment, reevaluating staffing levels and applying for grant funds.

NOTE 17 – SUBSEQUENT EVENTS

The School and CCSC terminated their management agreement during early fiscal year 2025. As part of the termination of their agreement, CCSC agreed to waive all outstanding obligations owed by the School. The School is currently searching for a management company.

Dayton Athletic Vocational Academy
Montgomery County, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Seven Fiscal Years (1)

	2024	2023	2022	2021	2020	2019	2018
The School's Proportion of the Net Pension Liability	0.0072751%	0.0045872%	0.0021203%	0.0009735%	0.0005174%	0.0017680%	0.0011543%
The School's Proportionate Share of the Net Pension Liability	\$ 401,985	\$ 248,111	\$ 78,233	\$ 64,389	\$ 30,957	\$ 101,257	\$ 68,967
The School's Covered Payroll	\$ 405,712	\$ 246,402	\$ 73,186	\$ 32,736	\$ 19,148	\$ 57,741	\$ 149,521
The School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	99.08%	100.69%	106.90%	196.69%	161.67%	175.36%	46.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%

(1) Information prior to 2018 is not available.

Amount presented as of the School's measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Dayton Athletic Vocational Academy
Montgomery County, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Seven Fiscal Years (1)

	2024	2023	2022	2021	2020	2019	2018
The School's Proportion of the Net Pension Liability	0.00166377%	0.00072114%	0.00277901%	0.00270260%	0.00236614%	0.00184156%	0.00128942%
The School's Proportionate Share of the Net Pension Liability	\$ 358,292	\$ 160,309	\$ 355,321	\$ 653,933	\$ 523,258	\$ 404,918	\$ 306,304
The School's Covered Payroll	\$ 87,171	\$ 120,857	\$ 342,914	\$ 326,164	\$ 277,793	\$ 209,357	\$ 209,057
The School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	411.02%	132.64%	103.62%	200.49%	188.36%	193.41%	146.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	78.90%	87.80%	75.50%	77.40%	77.31%	75.30%

(1) Information prior to 2018 is not available.
Amount presented as of the School's measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Dayton Athletic Vocational Academy
Montgomery County, Ohio
Required Supplementary Information
Schedule of the School's Pension Contributions
School Employees Retirement System of Ohio
Last Eight Fiscal Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 97,376	\$ 53,554	\$ 32,525	\$ 10,246	\$ 4,583	\$ 2,585	\$ 7,795	\$ 20,933
Contributions in Relation to the Contractually Required Contribution	(97,376)	(53,554)	(32,525)	(10,246)	(4,583)	(2,585)	(7,795)	(20,933)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The School's Covered Payroll	\$ 737,697	\$ 405,712	\$ 246,402	\$ 73,186	\$ 32,736	\$ 19,148	\$ 57,741	\$ 149,521
Contributions as a Percentage of Covered Payroll	13.20%	13.20%	13.20%	14.00%	13.50%	13.50%	13.50%	13.50%

(1) Information prior to 2017 is not available.

See accompanying notes to the required supplementary information.

Dayton Athletic Vocational Academy
Montgomery County, Ohio
Required Supplementary Information
Schedule of the School's Pension Contributions
State Teachers Retirement System of Ohio
Last Eight Fiscal Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ -	\$ 12,204	\$ 16,920	\$ 48,008	\$ 45,663	\$ 38,891	\$ 29,310	\$ 29,268
Contributions in Relation to the Contractually Required Contribution	-	(12,204)	(16,920)	(48,008)	(45,663)	(38,891)	(29,310)	(29,268)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The School's Covered Payroll	\$ -	\$ 87,171	\$ 120,857	\$ 342,914	\$ 326,164	\$ 277,793	\$ 209,357	\$ 209,057
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Information prior to 2017 is not available.

See accompanying notes to the required supplementary information.

Dayton Athletic Vocational Academy
Montgomery County, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Seven Fiscal Years (1)

	2024	2023	2022	2021	2020	2019	2018
The School's Proportion of the Net OPEB Liability	0.0069262%	0.0047631%	0.0019192%	0.0010090%	0.0004950%	0.0017820%	0.0011699%
The School's Proportionate share of the Net OPEB Liability	\$ 114,106	\$ 66,874	\$ 36,322	\$ 21,922	\$ 12,458	\$ 49,432	\$ 31,397
The School's Covered Payroll	\$ 405,712	\$ 246,402	\$ 73,186	\$ 32,736	\$ 19,148	\$ 57,741	\$ 149,521
The School's Proportionate share of the Net OPEB Liability as a Percentage of its Covered Payroll	28.12%	27.14%	49.63%	66.97%	65.06%	85.61%	21.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%

(1) Information prior to 2018 is not available.

Amount presented as of the School's measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Dayton Athletic Vocational Academy
Montgomery County, Ohio
Required Supplementary Information
Schedule of the School's Proportionate Share of the Net OPEB Liability/(Asset)
State Teachers Retirement System of Ohio
Last Seven Fiscal Years (1)

	2024	2023	2022	2021	2020	2019	2018
The School's Proportion of the Net OPEB Liability/(Asset)	0.00166377%	0.00072114%	0.00277901%	0.00270300%	0.00236600%	0.00184200%	0.00128942%
The School's Proportionate share of the Net OPEB Liability/(Asset)	\$ (32,359)	\$ (18,673)	\$ (58,593)	\$ (47,505)	\$ (39,187)	\$ (29,592)	\$ 50,308
The School's Covered Payroll	\$ 87,171	\$ 120,857	\$ 342,914	\$ 326,164	\$ 277,793	\$ 209,357	\$ 209,057
The School's Proportionate share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-37.12%	-15.45%	-17.09%	-14.56%	-14.11%	-14.13%	24.06%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	168.50%	230.73%	174.73%	182.10%	174.70%	176.00%	47.10%

(1) Information prior to 2018 is not available.

Amount presented as of the School's measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Dayton Athletic Vocational Academy
Montgomery County, Ohio
Required Supplementary Information
Schedule of the School's OPEB Contributions
School Employees Retirement System of Ohio
Last Eight Fiscal Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 914	\$ -	\$ 1,971	\$ -	\$ 641	\$ 235	\$ 1,199	\$ 631
Contributions in Relation to the Contractually Required Contribution	(914)	-	(1,971)	-	(641)	(235)	(1,199)	(631)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The School's Covered Payroll	\$ 737,697	\$ 405,712	\$ 246,402	\$ 73,186	\$ 32,736	\$ 19,148	\$ 57,741	\$ 149,521
Contributions as a Percentage of Covered-Payroll	0.12%	0.00%	0.80%	0.00%	1.96%	1.23%	2.08%	0.42%

(1) Information prior to 2017 is not available.

See accompanying notes to the required supplementary information.

Dayton Athletic Vocational Academy
Montgomery County, Ohio
Required Supplementary Information
Schedule of the School's OPEB Contributions
State Teachers Retirement System of Ohio
Last Eight Fiscal Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The School's Covered Payroll	\$ -	\$ 87,171	\$ 120,857	\$ 342,914	\$ 326,164	\$ 277,793	\$ 209,357	\$ 209,057
Contributions as a Percentage of Covered-Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Information prior to 2017 is not available.

See accompanying notes to the required supplementary information

**Dayton Athletic Vocational Academy
Montgomery County, Ohio**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

Note 1 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Assumptions:

For fiscal year 2024, there were no changes in methods and assumptions used in the calculation of actuarial determined contributions for the fiscal year.

For fiscal year 2023, the SERS Board adopted the following assumption changes:

-Cost of living adjustment was increased from 2% to 2.5%

For fiscal year 2022, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Payroll Growth Assumption was reduced from 3.50 percent to 1.75 percent
- Assumed real wage growth was increased from 0.50 percent to 0.85 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
PUB-2010 General Amount Weighted Below Median Employee mortality table. Future improvement in mortality rates is reflected by applying the MP-2020.
- Mortality among service retired members was updated to the following:
PUB-2010 General Employee Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
- Mortality among contingent survivors was updated to the following:
PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
- Mortality among disabled members was updated to the following:
PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

**Dayton Athletic Vocational Academy
Montgomery County, Ohio**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

Note 1 - Net Pension Liability (continued)

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00-22.00 percent to 13.50-18.20 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Benefit Terms - SERS

For fiscal year 2022, the cost of living adjustment was increased from 2% to 2.5%.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

State Teachers Retirement System (STRS)

Changes in Assumptions – STRS

For fiscal year 2022, demographic assumptions were reviewed and adopted by the Board on February 17, 2022 as part of an experience study performed covering the period from July 1, 2015 to June 30, 2021 with changes going into effect June 30, 2022.

For fiscal year 2021, the investment return rate was decreased from 7.45% to 7.00%.

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

**Dayton Athletic Vocational Academy
Montgomery County, Ohio**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

Note 2 - Net OPEB Asset/Liability

Changes in Assumptions – SERS (fiscal year 2017)

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date: (1) The assumed rate of inflation was reduced from 3.25% to 3.00%, (2) Payroll growth assumption was reduced from 4.00% to 3.50%, (3) Assumed real wage growth was reduced from 0.75% to 0.50%, (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (6) Mortality among service retired members, and beneficiaries was updated to the following RP- 2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

Changes in Assumptions – SERS (fiscal year 2018)

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 2.95 percent to 3.56 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 2.98 percent to 3.63 percent.

Changes in Assumptions – SERS (fiscal year 2019)

Amounts reported for fiscal year 2019 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 3.56 percent to 3.62 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 3.63 percent to 3.70 percent. The health care cost trend assumptions changed as follows:

Pre-Medicare

Fiscal year 2018	7.50 percent initially, decreasing to 5.00 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent

Medicare

Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent

**Dayton Athletic Vocational Academy
Montgomery County, Ohio**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

Note 2 - Net OPEB Asset/Liability (continued)

Changes in Assumptions – SERS (fiscal year 2020)

Amounts reported for fiscal year 2020 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Medical Trend Assumption:	
Fiscal year 2020	
Medicare	5.25 to 4.75 percent
Pre-Medicare	-7 to 4.75 percent
Fiscal year 2019	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent

The discount rate used to measure the total OPEB asset/liability at June 30, 2020 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent.

Changes in Assumptions – SERS (fiscal year 2021)

Amounts reported for fiscal year 2021 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent

The discount rate used to measure the total OPEB asset/liability at June 30, 2021 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent.

**Dayton Athletic Vocational Academy
Montgomery County, Ohio**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

Note 2 - Net OPEB Asset/Liability (continued)

Changes in Assumptions – SERS (fiscal year 2022)

- This discount rate changed from 2.63% to 2.27%
- The investment rate of return was reduced from 7.50% to 7.00%
- Assumed rate of inflation was reduced from 3.00% to 2.40%
- The investment rate of return was reduced from 7.50%
- Payroll Growth Assumption was reduced from 3.50% to 1.75%
- Assumed real wage growth was increased from 0.50% to 0.85%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Rate of health care participation for future retirees and spouses was updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Employee mortality table.
- Mortality among service retired members was updated to the following:
 - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.
- Mortality among beneficiaries was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.
- Mortality among disabled member was updated to the following:
 - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 year and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
- Mortality rates are projected using a fully generational projection with Scale MP-2020.
- Municipal Bond Index Rate:

Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
- Single Equivalent Interest Rate, net of plan investment expense, including price inflation

Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent

The discount rate used to measure the total OPEB asset/liability at June 30, 2022 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63 percent.

Changes in Assumptions – SERS (fiscal year 2023)

The discount rate used to measure the total OPEB asset/liability at June 30, 2023 was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2022 was 2.27 percent. The health care trends were updated.

**Dayton Athletic Vocational Academy
Montgomery County, Ohio**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

Note 2 - Net OPEB Asset/Liability (continued)

Changes in Assumptions – SERS (fiscal year 2024)

For fiscal year 2024, the following changes were made:

Municipal Bond Index Rate:

Fiscal year 2024 3.86 percent

Fiscal year 2023 3.69 percent

Single Equivalent Interest Rate, net of plan investment
expense, including price inflation

Fiscal year 2024 4.27 percent

Fiscal year 2023 4.08 percent

Medical Trend Assumption:

Fiscal year 2024 6.75 to 4.40 percent

Fiscal year 2023 7.00 to 4.40 percent

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

For fiscal year 2024, the health care trend assumption rate changed as follows: Pre-Medical Medicare – from 7.50 percent initial, 3.94 percent ultimate to 7.00 percent initial, 3.94 percent ultimate and medical Medicare - from -10.94 percent initial, 4.14 percent ultimate to -68.78 percent initial, 3.94 percent ultimate. Prescription Drug Pre-Medicare – from -11.95 percent initial, 4.14 percent ultimate to 9 percent initial, 3.94 percent ultimate and prescription Drug Medicare – from 1.33 percent initial, 4.14 percent ultimate to -5.47 percent initial, 3.94 percent ultimate.

For fiscal year 2023, demographic assumptions were reviewed and adopted by the Board on February 17, 2022 as part of an experience study performed covering the period from July 1, 2015 to June 30, 2021 with changes going into effect June 30, 2022.

For fiscal year 2022, the investment rate of return decreased from 7.45 percent to 7.00 percent. The blended discount rate was also decreased from 7.45 percent to 7.00 percent. Health care cost trend rates changed from 9.62 percent to -16.18 percent initially and a 4.00 percent ultimate rate to 11.87 percent to 29.98 percent initial, 4 percent ultimate.

For fiscal year 2021, health care cost trend rates changed from 4.93 percent to 9.62 percent initially and a 4.00 percent ultimate rate to -6.69 percent to 11.87 percent initial, 4 percent ultimate.

For fiscal year 2020, health care cost trend rates changed from -5.23 percent to 8 percent initial, 4 percent ultimate to 4.93 percent to 9.62 percent initially and a 4.00 percent ultimate rate.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates changed from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate to a range of -5.23 percent to 8 percent, initially and a 4.00 ultimate rate.

**Dayton Athletic Vocational Academy
Montgomery County, Ohio**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

Note 2 - Net OPEB Asset/Liability (continued)

Changes in Assumptions – STRS (continued)

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. The long-term rate of return was reduced to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms – STRS

For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2020, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.944 percent to 1.984 percent per year of service effective January 1, 2020. The Non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.10 percent from the Medicare Plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Dayton Athletic Vocational Academy
Montgomery County
100 East Woodbury Drive
Dayton, Ohio 45415

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Dayton Athletic Vocational Academy, Montgomery County, Ohio (the School) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated February 13, 2026, wherein we qualified our opinion because we were unable to obtain sufficient appropriate audit evidence over amounts reported as operating expenses and accounts payable. We also noted, as discussed in Note 16, the School experienced fiscal distress as the School reported a deficit net position of (\$712,335).

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2024-002 and 2024-003.

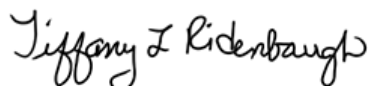
School's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's responses to the findings identified in our audit and described in the accompanying schedule of findings. The School's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

February 13, 2026

**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2024**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2024-001

Material Weakness – Maintaining Supporting Documentation - Expenditures

Maintaining organized documentation and support for financial transactions is essential in assuring the School's financial statements are not materially misstated and that all expenditures are made for a proper public purpose. As a result of a lack of suitable internal controls over expenditures, the School did not maintain underlying documentation and support for forty-one expenses tested totaling \$429,893.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose. The School should establish and implement policies and procedures to maintain all invoices for all financial transactions and records should be maintained in an orderly manner to support all financial transactions.

Officials' Response:

Cincinnati Charter School Collaborative (CCSC) was the management company for the school under the leadership of their President, Ramone Davenport. Mr. Davenport, along with the Executive Director and the Board contracted with an accounts payable person who processed all accounts payable and was trained to only process payments when they had an approved invoice and to upload all documentation into the school's record retention system to support all payments. Mr. Davenport worked directly with the accounts payable person who was hired by the Board and he was responsible for allocating funds to the designated vendors. Several of the invoices in question were for CCSC and represented payments for various school-related expenditures, which included payroll, utilities, transportation, food services and other relevant costs. The Treasurer made attempts to secure these invoices by reaching out to the accounts payable person who was in place during the audit period and to the computer consortium, HCC to see if they could locate the invoices in the records retention system. Additionally, he reached out personally to the vendors that he could and was able to secure some invoices.

FINDING NUMBER 2024-002

Material Noncompliance – Student Enrollment

Ohio Rev. Code § 3314.08(H)(2) provides that a student shall be considered to be enrolled in a community school for the period of time beginning on the later of the date on which the school both has received documentation of the student's enrollment from a parent and the student has commenced participation in learning opportunities as defined in the contract with the sponsor, or thirty days prior to the date on which the student is entered into the education management information system established under section 3301.0714 of the Revised Code.

The School could not provide the enrollment form for three of five (60%) students tested therefore we were unable to determine if those students were enrolled timely. Additionally, one of five (20%) students tested enrollment form date was inconsistent with that entered into the education management information system.

Failure to maintain required information related to student records could have a negative impact on both the School's funding as well as compliance with Ohio laws.

The School should establish and implement procedures to verify all student files are maintained in accordance with applicable law and in order to support student enrollment data.

FINDING NUMBER 2024-002
(Continued)

Officials' Response:

Cincinnati Charter School Collaborative (CCSC) was the management company for the school under the leadership of their President, Ramone Davenport. Mr. Davenport, along with the Executive Director and the Board contracted with an EMIS person to handle all student enrollment and Mr. Davenport was responsible for overseeing the EMIS function.

FINDING NUMBER 2024-003

Material Noncompliance – Accounting for Management Company Expenses

Ohio Rev. Code § 3314.03(A)(8) includes the requirements of community schools to have financial audits performed by the Auditor of State (AOS). The contract between the sponsor and the governing authority shall require financial records of the school to be maintained in the same manner as are financial records of school districts, pursuant to rules of the Auditor of State, and the audits shall be conducted in accordance with Ohio Rev. Code § 117.10. This includes preparing the footnote of the management company in accordance with Ohio Rev. Code § 3314.024.

Ohio Rev. Code § 3314.024(A) states a management company that receives more than twenty percent of the annual gross revenues of a community school shall provide a detailed accounting including the nature and costs of goods and services it provides to the community school. This information shall be reported using the categories and designations set forth in divisions (B) and (C) of this section, as applicable.

Ohio Rev. Code § 3314.024(D) states the information provided pursuant to this section shall be subject to verification through examination of community school records during the course of the regular financial audit of the community school.

In order to meet these requirements, management companies may elect to have the Auditor of State (or contracting independent public auditors) audit this information at the management company or may provide independently audited financial statements and a statement showing the direct and allocated indirect (e.g., overhead) expenses for each school it manages. The companies should present this statement in a combining or consolidating format (i.e., present a column for each school). If a management company does not have audited financial statements or the audited financial statements do not present combining or consolidating columns for each of its schools, or if the management company's auditor does not provide opinion-level assurance on the combining or consolidating columns presenting each school, the Auditor of State will accept an agreed upon procedures (AUP) report per AICPA Clarified Attestation Standards Section 215.

Additionally, Section 4.14 of the School's Agreement with its sponsor states that if the management company provides services to the School in excess of twenty percent (20%) of the School's gross annual revenues, then the management company must provide a detailed accounting of the nature and costs of the services it provides to the School, in a form acceptable to the Auditor of State of Ohio.

Cincinnati Charter School Collaborative LLC, the management company of the School, received more than 20% of the School's revenue during fiscal year 2024. However, the management company failed to provide a detailed accounting related to the nature and costs of the goods and services it provided to the School.

Failure to provide a detailed accounting related to the nature and costs of goods and services provided to the School and have an audit or agreed-upon procedures (AUP) engagement performed over the information could lead to issues in determining if the School's funds are being spent properly and in accordance with the management company Agreement.

FINDING NUMBER 2024-003
(Continued)

The School should establish and implement policies and procedures to verify that the required management company expenditure information is included in the School's notes to the financial statements. There should also be an audit or AUP performed over the management company's reported information. Additionally, the School should review the sponsorship agreement to determine compliance with various aspects of the agreement.

Officials' Response:

Cincinnati Charter School Collaborative (CCSC) was the management company for the school under the leadership of their President, Ramone Davenport. Mr. Davenport was advised by the Treasurer that he needed to have an Agreed Upon Procedure engagement done to provide the information requested in this finding. That report was never completed by CCSC.

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**DAYTON ATHLETIC VOCATIONAL ACADEMY
MONTGOMERY COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2024**

Finding Number	Finding Summary	Status	Additional Information
2023-001	Material Weakness – Internal Controls Over Financial Reporting	Partially Corrected	Repeated in Management Letter
2023-002	Material Noncompliance – Student Enrollment and Data Reporting	Fully Corrected	No Further Action Necessary
2023-003	Material Noncompliance – Accounting for Management Company Expenses	Not Corrected	Repeated as Finding 2024-003
2023-004	Material Noncompliance – Student Enrollment and Data Reporting	Not Corrected	Repeated as Finding 2024-002
2023-005	Material Noncompliance – Record Retention and Documentation	Not Corrected	Repeated as Finding 2024-001

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OHIO AUDITOR OF STATE KEITH FABER



DAYTON ATHLETIC VOCATIONAL ACADEMY

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 4/9/2026

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov